



The ADVISOR

TEACHERS, EMPLOYEES, and JUDICIAL



Vol. XXXVII — No. 4

SERVING OVER 330,000 MEMBERS

October 2011

Legislative Leadership Gets Report

By David G. Bronner

At the close of the last regular session of the Alabama Legislature, the state political leadership requested RSA's actuarial firm, Cavanaugh Macdonald Consulting, LLC, to provide a study for a possible "New Hire Plan Design" for future RSA members. In late September, state leaders received the study.

The study focused on the members of the Teachers' Retirement System (TRS) and state employees of the Employees' Retirement System (ERS). The TRS and ERS have lower employer costs, 10.00% and 9.42% respectively, for fiscal year 2012 due to the substantial changes made during the last legislative session by eliminating new enrollments to the DROP

program and increasing member contributions for everyone except members classified as State Police. Justices and judges of the Judicial Retirement Fund and members classified as State Police, which have employer costs of 24.35% and 29.92% of payroll respectively for 2012, were not included in the study. Members of local units were also excluded.

The study states that IF the legislative leadership and the ERS and TRS Boards of Control decide to move forward with the "New Hire Plan Design," a new program for future members classified as State Police and of the Judicial Retirement Fund (JRF) should also be considered. The RSA staff has been keeping a careful eye on pension proposals and potential

changes to pension funds over many years and has provided this information to the boards each time they have met.

The study also reveals how other states have addressed their pension concerns, as well as the financial impact of changes to the RSA, such as moving the retirement age from 60 to 62 or 65. Our position, as Alabamians, must be to provide sound, reasonable pension benefits to new employees that make long-term sense to RSA members, taxpayers, and political leaders, while providing Alabama with a pension program that retains the best possible public employees for generations to come. This will ensure that Alabama will continue the great progress it has made over the last 15 years. ■

The Robert Trent Jones Golf Trail

CHANGING THE IMAGE, ATTITUDE, AND PERCEPTION OF ALABAMA

Source: *EXECUTIVE GOLFER*

MONTGOMERY, ALABAMA: The Robert Trent Jones Golf Trail is a shining example of a successful, well executed private/public partnership. Its 26 courses, at 11 different sites scattered around the state, stretch for 400 miles from the rolling hills in northern Alabama to the coastal plains in the south.

Twenty years ago, Alabama faced an identity crisis. For most Americans, it was considered nothing more than a state to pass through while traveling from one destination to another. The selection of first-rate hotels and golf facilities were few and far between. Research revealed that 74 percent of motorists driv-

ing through Alabama had no intention of stopping.

A DECISION THAT TOUCHED THE STATE

In 1973, Dr. David G. Bronner became the CEO of Retirement Systems of Alabama (RSA) with a \$500 million fund to manage the pensions for 330,000 public employees and retirees in the State of Alabama.

"I worked my way through college and didn't have much freedom to play golf," explained Bronner. "While I was earning my Ph.D. and Law degrees at the University of Alabama, I had a little more down time and would tee it up from time to time.

"I always thought being a golfer was an advantage in business," said Bronner. "Where else but on a golf course can you have five hours of face time with a client."

In the late 1980s, Bronner was considering investing RSA funds into redeveloping an abandoned US Steel facility into a public golf course.

"I am not one to sit on my hands," reported Bronner. "I like to keep the process moving. Negotiations bogged down with US Steel and word leaked to the press that I might be interested in building a public golf facility. Before I knew it, every mayor in the state was calling me. It was a bit overwhelming.

Continued on page 5

Southern Finery in Alabama Golf Country

By Karen Kuzel, Prevue/Meeting Planner

Alabama started attracting national groups with the birth of the Robert Trent Jones Golf Trail. Namesake golf course design guru Robert Trent Jones envisioned the Trail as his version of a Michelangelo masterpiece. The owners saw the 1992 opening of the first courses as a precursor to attracting corporate business. Both dreams came true.

Today, the collection of links numbers 26 courses with 468 holes at 11 locations across Alabama, including eight full-service Marriott and Renaissance hotels located either directly on the Trail or just minutes away. The PCH hotels range from 90 to over 400 guestrooms; they offer a variety of meeting space and fine dining restaurants; and most offer European-style spas. But as is common throughout the South, it's the spectacular and affordable golf product that lures many a meeting professional.

Golf pro and events planner Pete Malphrus, owner of Industry Solutions, brought a group to the 4-diamond, 259-room Renaissance Ross Bridge Golf Resort & Spa for just that combination of excellence. Consistently ranked high among guests for its world's 4th longest golf course, upscale spa and amenities, the Renaissance Ross Bridge melds 1920's styling with modern conveniences and 20,000-square feet of meeting space.

"Over time, my groups have evolved to concentrate less on just golf to being at facilities that also have excellent accommodations, food and beverage, well-stocked pro shops for our shopping spree prize programs, and people willing to work with a non-traditional sized group for shotgun start events—64-72 instead of 96-144 players," says Malphrus. He and his corporate partner for the past 20 years produce four regional golf events a year.

"Ross Bridge has good meeting space, quality food service and the staff is as warm and friendly as any I've dealt with." His groups are typically 95% male owners of multiple convenience and grocery stores, tobacco shops and distribution chains; and, they're golfers of every skill level. "Every person I met there, from catering to registration to the golf staff who set up the event, I'd give them A's across the board. It's rare for us to return to a facility immediately, but we'll be back."

...Golf was not on the agenda for the home décor/entertaining company, Willow House, and their direct sales group of 275 at Ross Bridge for an annual training session. Pam Scott, Director of Sales, said her group of 98% women wanted a



"warm, hospitable resort feel and lots of time spent relaxing at the spa." They found it in the "lobby's inviting fireplace, expansive terrace, and cut stone walls that make you feel like you're in a Scottish castle," she says. "There's even a bagpiper who plays nightly."

Did they enjoy the 12,000-square-foot spa with 14 softly lit treatment rooms lade in bamboo flooring? How about the unique Ross Bridge Combination Steam Table/Vichy Shower for the Mud Body Wrap and Seaweed Mineral treatments? Let's just say her "Aah!" means yes. She adds that a meeting planner needs "a staff who aids an event's success. Willow House is about hospitality and the staff offered that. Chef's food was phenomenal; Southern down-home wonderful. Not typical banquet fare. We're definitely returning."

Grand Hotel Marriott Resort, Golf Club & Spa in Point Clear, also along the RTJ Trail, has been known throughout the South as The Queen of Southern Resorts since 1847. The hotel salutes its history as a confederate hospital in the Civil War by maintaining a cemetery for 300 soldiers near the 18th tee of The Grand's Azalea Course, as well as a daily patriotic military salute and cannon firing.

Golfers can also opt for the 7,620-yard, 72-par Dogwood Course. Within the 550 acres of the 4-diamond property, there are 405 guestrooms in five buildings, 37,000-square feet of meeting space that includes 23 meeting rooms, and the 20,000-square-foot spa, ranked one of Marriott's top spas for guest satisfaction in the country.

"Aah," is right. ■

A CRUCIAL PIECE OF THE AILING U.S. ECONOMY

51 MILLION homes have mortgages

- **14.6 million** are underwater
- **3.7 million** are seriously delinquent
- **5.2 million** have been foreclosed on or sold in distressed sales
- **About 28 million** are in good shape

...resulting in huge wealth loss for families

Median owner's equity in household real estate

2005
\$264,000

2007
\$207,000

2011 1Q
\$122,000

Sources: Moody's estimates; RealtyTrac; Robert Shiller; Federal Reserve; Center for Economic Policy and Research

The Robert Trent Jones Golf Trail | *continued from page one*

"I asked the mayor of Mobile to ask the Commission to invite us to Mobile, which they did," continued Bronner. "Then, immediately, Birmingham decided to go. We were off to the races."

CONCEPT TURNS TO REALITY

Dr. Bronner was ready to commit to building a course in Birmingham, but needed advice from an industry insider. He turned to Bobby Vaughan, who had successfully launched several high profile golf facilities in the South.

"David and I have become very good friends over the years," said Vaughan. "I remember one of our meetings took place as we were touring a golf course in North Carolina in a Jeep. It had just rained and mud was flying everywhere."

Bronner challenged Vaughan whether it was possible to build a quality golf course, offer it to the public at an affordable price, and earn a return for the RSA.

"What would it cost to build a superior course that residents from other states would want to play?" inquired Bronner.

"About \$5-10 million per site, depending on the scope of the project," responded Vaughan.

"Let's do it right, and expand the footprint," said Bronner. "Let's build a golf trail throughout the state."

From that meeting, the groundwork was laid for what would become the most ambitious golf construction project in America, even to this day.

GREAT IDEAS WITHOUT MONEY ARE JUST GREAT IDEAS

"I was a good little bureaucrat and sent out RFPs [request for proposals] to all the famous golf course architects. I received letters back from everyone, but only Robert Trent Jones took the time to pick up the phone and call me," recalled Bronner.

"Jones inquired, 'Are you serious?'"

"I invited him out for a look and after a fair amount of back and forth negotiations and discussions, we agreed to a contract," confirmed Bronner.

The bold project did have its skeptics. At the time, the largest golf project in America was three golf courses that took

seven years to complete. Bronner wanted his team to complete triple the number of courses in half the time.

In January 1990, dirt started flying on the same day at five locations. By the end of the year, construction had started on 18 courses around the state with a \$100 million investment to turn the "Heart of Dixie" into a world-class golf destination. The invasion of earth moving equipment was tantamount to a D-Day invasion of bulldozers.

As promised, the first course (Oxmoor Valley in Birmingham) opened on time in May of 1992.

The investment today is closer to \$200 million; add in the hotels, it would be in the \$500-\$600 million range.

"Twenty states have tried to copy our business plan, but most are nothing more than marketing gimmicks. No one has come close to topping Alabama," proudly roared Bronner. "Our state now offers some of the very best golf, spas, and resorts anywhere, and at what you would consider 'blue collar' prices. The Trail has exceeded our loftiest expectations."

OVERACHIEVED IN EVERY CATEGORY

The Trail was built to provide a return on investment for the RSA, help expand tourism, recruit new industry to the state, and attract retirees. The end result has been an overall strengthening of the state's economy while adding to the qual-

ity of life for all Alabamians.

"The stronger the RSA can make Alabama, the stronger the RSA will be," vaulted Bronner. "The Trail has generated a return for the Retirement Systems between two and four percent per year and helped build our worldwide reputation. Tourist dollars spent in the state have risen from \$1.8 billion in 1990 to a projected \$9.8 billion this year. But, probably the greatest impact the RTJ Trail has had on Alabama is its impact on industrial recruiting. In the last two decades, our state has landed a Mercedes plant and hundreds of Asian manufacturers. The list is a mile long!" reported Bronner. "As our industrial base has expanded, the average wage of our citizens has ticked up. These are good paying jobs we are attracting."

"We have gone from literally no hotels worthy of your entertainment dollars to some of the very best in the world. For example, *Condé Nast Traveler* has awarded the Grand Hotel Marriott Resort in Point Clear as one of the top 125 golf resorts," said Bronner. "Our state is now a 'top 5' market for avid golfers. The Trail has really changed the dichotomy of the state." ■

For more information on the Robert Trent Jones Golf Trail in Alabama, visit rtjgolf.com, or call 800.949.4444.

ACCOLADES ABOUT THE TRAIL:

"May be the best [golf] bargain in the country."

— THE WALL STREET JOURNAL

"Some of the best public golf on earth."

— THE NEW YORK TIMES

"Alabama has the American golfer's equivalent of Disney World."

— GOLF MAGAZINE

"Our state offers some of the best golf, spas, and resorts anywhere, and at what you would consider 'blue collar' prices. The trail has exceeded our loftiest expectations."

— DR. DAVID G. BRONNER, CEO,
RETIREMENT SYSTEMS OF ALABAMA

"We are proud to have eight hotels on the Robert Trent Jones Golf Trail, including four of our top 10 golf locations. As one of the legendary and most respectable names in the sport, golfers come from all over the world to play the courses along the trail."

— J. W. "BILL" MARRIOTT, CEO, MARRIOTT INTERNATIONAL

ENJOY YOUR FALL/WINTER
A Special Deal
FOR RSA MEMBERS

The Battle House,

A Renaissance Hotel – Mobile – \$99

• October 1-4, 12-16, 25-31 • November 1-9, 13, 18-27
• December 1-2, 11-14, 18-29

The Renaissance Riverview Plaza – Mobile – \$89

• October 1-2, 10-12, 26-27, 29-31
• November 1, 8-9, 13-17, 20-30 • December 1, 6-31

Marriott Grand – \$99 plus a 15% resort fee

• October 2-6, 9-11, 19-21, 29-31
• November 8-17, 22, 27-30 • December 4-5, 9-22, 26-29

Marriott Grand – RSA Golf Package – \$169

Ask for code – LOCD

Includes: Deluxe Room, One Round of Golf for Two People.

Call for Tee Times after booking package

• October 2-6, 9-11, 19-21, 29-31
• November 8-17, 22, 27-30 • December 4-5, 9-22, 26-29

Marriott Shoals – Florence – \$89

• October 9, 30 • November 6-7, 12-14, 20-27
• December 4-5, 11-12, 18-27

Renaissance Ross Bridge – Hoover – \$99

• October 2-8, 17-18, 23-27, 30-31
• November 6, 10-12, 15-30 • December 1, 3-8, 11-30

Opelika Marriott – \$89

• October 2, 4-6, 9-10, 16, 18-20, 30-31
• November 3, 6-8, 13-15, 20-24, 27-28
• December 4-10, 15, 18-31

Prattville Marriott – \$89

• October 1, 9, 13, 15, 28-31
• November 5-7, 13-14, 18-21, 24, 26-28, 30
• December 4-10, 15, 18-31

Renaissance Montgomery – \$99

• October 1, 3, 7-8, 21-23, 27, 30
• November 4-5, 10, 19-21, 24, 27-28
• December 3-4, 15, 18-31

RSA Spa Package – \$159

Ask for code – LOCD Includes Deluxe Room

• October 27 • November 10
• December 15, 20-22, 27-29

*Rates available the 1st of the month
and are not applicable to groups.*

Code: RABM, 800-228-9290

Internet promo code: R2A on marriott.com

Book Online and Save RSA \$4.

A Big Headache

Source: Strategic Institute

Frighening statistics about underfunded programs that exist throughout this country:


The Armed Services retirement system is underfunded by \$1 to 2 trillion; the Social Security system by \$10+ trillion; corporate pension funds by \$200+ billion; the public sector pension funds of states, counties, and municipalities by some \$1+ trillion; and a real show stopper, the overall health care system by \$60-70 trillion.

(Editor's Note: We cannot grow our way out of this problem. Any politician who tells you that we can solve this without reforming Social Security, Medicare, and Medicaid is simply not telling us the truth.) ■

Money Magazine Names Madison, Alabama, One Of The 100 Best Small Towns In America

Money Magazine named its choice of the top "100 Best Small Towns in America." Only one Alabama town was named in their list, that being Madison, Alabama, near Huntsville, was ranked 96th. The number one small town named was Louisville, Colorado.

In addition, the magazine had categories for "Best For: Job Hunters; Sun Lovers; Making Your Money Go Far; Commuters; High Earnings; and Tax Haters. Madison, Alabama, was number one in the "Tax Haters" group, with annual taxes of less than \$1,000 on a \$175,000 home. ■



The ADVISOR

CEO
David G. Bronner

Deputy
Marcus H. Reynolds, Jr.

Executives
Communications
Michael E. Pegues

Chief Accountant & Financial Officer
Diane E. Scott

Employees' and Judicial Retirement
William F. Kelley, Jr.

Field Services
Judy P. Utley

Information Technology Services
Michael T. Baker

Investments
R. Marc Green

Legal Counsel
William T. Stephens

Legislative Counsel
Lindy J. Beale

Member Services
Penny K. Wilson

PEEHIP
Lee M. Hayes

Teachers' Retirement
Christopher P. Townes

The Retirement Systems of Alabama
201 South Union Street
P.O. Box 302150
Montgomery, Alabama 36130-2150
Phone: 334.517.7000
877.517.0020
RSA Web site
www.rsa-al.gov

PRSRT STD
U.S. POSTAGE
PAID
MONTGOMERY, AL
PERMIT NO. 402

RETIREMENT SYSTEMS OF ALABAMA
201 SOUTH UNION STREET
P.O. BOX 302150
MONTGOMERY, ALABAMA 36130-2150

Report—Street Lights that are out—to the Power Company!
 Report—Weedy Lots—to the Mayor!